



BOARD

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136452

*The Borden Company*

ANNUAL REPORT—1949

## BOARD OF DIRECTORS

HAROLD W. COMFORT  
*Executive Vice President*

CHARLES A. ECKBURG  
*Vice President*

L. MANUEL HENDLER  
*Hendler Creamery Company  
Baltimore*

ROBCLIFF V. JONES  
*New York*

CHARLES F. KIESER  
*Vice President*

LESTER LE FEBER  
*Milwaukee*

MADISON H. LEWIS  
*New York*

THEODORE G. MONTAGUE  
*President*

MARCUS M. MUNSILL  
*Spencer Trask & Co.*

THOMAS I. PARKINSON  
*President, The Equitable Life  
Assurance Society of the United States*

HENNING W. PRENTIS, JR.  
*President, Armstrong Cork Company*

BEVERLEY R. ROBINSON  
*Milbank, Tweed, Hope & Hadley*

HARRY A. ROSS  
*Vice President*

## OFFICERS

THEODORE G. MONTAGUE  
*President*

HAROLD W. COMFORT, *Executive Vice President*

CHARLES A. ECKBURG, *Vice President*

WILLIS H. GURLEY, *Vice President*

CHARLES F. KIESER, *Vice President*

WILLIAM F. LEICESTER, *Vice President*

WILLIAM H. MARCUSSEN, *Vice President*

HARRY A. ROSS, *Vice President*

ROY D. WOOSTER, *Vice President*

EVERETT L. NOETZEL, *Treasurer*

THEODORE D. WAIBEL, *Secretary*

CECIL I. CROUSE, *Assistant Vice President*

JOSEPH O. EASTLACK, *Assistant Vice President*

WALTER T. FITZPATRICK, *Assistant Vice President*

HAROLD K. KRAMER, *Assistant Vice President*

STUART PEABODY, *Assistant Vice President*

THEODORE O. HOFMAN, *General Controller*

HARRY L. CAMP, *General Auditor & Asst. Treas.*

A. BROOKS PRAY, *Assistant Treasurer*

DOUGLAS T. ORTON, *Assistant Secretary*

## CORPORATE DATA

### EXECUTIVE OFFICES

350 Madison Avenue, New York 17, N. Y.

### TRANSFER AND DIVIDEND DISBURSING AGENT

THE CHASE NATIONAL BANK OF THE  
CITY OF NEW YORK

11 Broad Street, New York 15, N. Y.

### COUNSEL

MILBANK, TWEED, HOPE & HADLEY  
15 Broad Street, New York 5, N. Y.

### REGISTERED OFFICE

117 Main Street, Flemington, N. J.

### REGISTRAR

BANKERS TRUST COMPANY  
16 Wall Street, New York 5, N. Y.

### AUDITORS

HASKINS & SELLS  
1 East 44th Street, New York 17, N. Y.





## THE PRESIDENT'S REPORT *To Stockholders and Employees*

**H**ERE, AT THE MID-POINT of the century, men are pausing to take stock of progress and appraise future prospects. As operators of a business, we are chiefly concerned with the elements affecting THE BORDEN COMPANY and its course in past and coming years.

People — customers and potential customers for us — are a very important element of our interest. Nearly doubling in the first half-century, American population is expected to show considerably more growth in the next 50 years. Thus our market should continue to expand.

As customers, Americans are being served with vastly improved dairy products such as were undreamed of in 1900. And they are getting them at prices that are considerably lower in terms of real buying power.

Handling nearly 6% of the national milk production, the Company is naturally interested in milk and the farmers who produce it. Since 1900, the output of milk has doubled, while the income of dairy farmers has risen nearly tenfold.

Great growth has been shown by the Company itself. From the condensed, evaporated and fluid milk making up BORDEN business in 1900 our product list has expanded to include the scores of items shown in this Report. This growth required, of course, a greatly enlarged investment.

From this expanded investment have come larger sales and more profit. Our sales have mul-

tiplied 50 times since 1900. But our profit, reflecting the competitiveness of American business, has increased only ninefold.

The general long-term outlook is good. Our Company is known and favorably regarded by the great majority of the American people. Our products have merited this recognition, and we aim to keep their quality high, improving it as rapidly as human and technological progress permits. Our organization, built around a solid core of seasoned employees, is efficient and progressive. Our plant and properties are in good shape. Our financial structure is sound.

These elements, on which we base our hopes for the future, are responsible for the Company's showing in 1949.

**Sales** The sales of the Company and its consolidated subsidiaries amounted to \$613,763,267 in 1949. The over-all volume of goods sold was maintained but, because prices of many of our principal products were lower, dollar sales were about 5.5% less than the record 1948 sales of \$649,592,375. This is in line with our policy to bring to the consumer the finest food products at the lowest possible prices.

**Profit** Our net income was \$21,890,479, an increase of 14.1% over the \$19,179,427 earned

### FACTS IN BRIEF

1949		1948
\$613,763,267	Net Sales	\$649,592,375
21,890,479	Net Income	19,179,427
106,653,894	Working Capital	105,918,817
252,072,355	Total Assets	242,239,331
13,252,380	Capital Expenditures	14,501,718
20,889,928	Taxes	17,554,001
4,291,000	Shares Outstanding	4,300,000
\$5.10	Earnings per share	\$4.46
2.70	Dividends per share	2.55



in 1948, the year of our lowest postwar profit. We earned \$5.10 per share, as compared with \$4.46 per share in 1948. Our profit was 3.57 cents per dollar of sales; in 1948 it was 2.95 cents, while the 20-year average is 3.30 cents.

Our 1949 profit was the highest in the Company's history, bettering the previous record of \$21,681,213, which we earned in 1930. In that year, however, our sales amounted to only \$345,422,779 but our profit was 6.28 cents per sales dollar, nearly double our present rate.

Our interest in the earnings of unconsolidated foreign and domestic subsidiaries amounted to about \$700,000 as compared with \$1,400,000 in 1948. Our net income is affected, however, only when dividends are paid by these subsidiaries. Because of their need for additional capital to carry on their program of expansion and modernization no dividends were paid to us in 1949. In 1948 \$500,000 was received as dividends.

**Dividends** We paid our stockholders dividends totaling \$11,593,320. The dividends amounted to \$2.70 per share, as compared with \$2.55 in 1948, and were the largest since 1931 when we paid \$3.00 plus a 3% stock dividend. Dividends of 60 cents per share were paid March 1st, June 1st, and September 1st, and a final dividend of 90 cents December 21st.

The Board of Directors was happy to declare the larger dividend, but the Directors were fully aware that our requirements for working capital are substantial because of the increased volume of our business and the high costs of this inflationary period. And they had also in mind the fact that our long-term loans must be repaid.

**Net Working Capital** Our current assets totaled \$142,036,191 and our current liabilities \$35,382,297, leaving a balance of \$106,653,894 as net working capital. This was \$735,077 greater than in 1948 and the highest of all time. The ratio of current assets to current liabilities was \$4.01 to \$1.

**Inventories** Our inventories at the year-end were \$48,988,814. They declined 15% from \$57,636,783 at the corresponding date a year earlier, principally because prices were generally lower than in 1948.

**Price Supports** The Government's program to support prices of dairy products will have a broader effect in 1950. The program has been expanded so that it now includes evaporated milk and cheese, as well as butter and skim milk powder. Prices at which each product will be supported have been announced for the period, January 1, 1950 to March 31, 1951.

Consequently, prices are not expected to fall much below those of 1949. They are not expected to rise much unless, of course, milk output should decline sharply as a result of unusually unfavorable weather.

The long-term effects of the price support program are difficult to determine. Several factors should, however, be a matter of concern to the public and farmers, as they are to the industry. How much of these products the Government may have to purchase to maintain prices is not known, nor can the effect of these acquired stocks on future prices be foreseen. Another

## THE BORDEN SALES DOLLAR

### WHERE IT CAME FROM

FLUID MILK DIVISION  
MILK 36¢  
SPECIALTIES 13¢  
MANUFACTURED FOODS 14¢  
NON-FOOD PRODUCTS 4¢  
ICE CREAM 17¢  
CHEESE 12¢  
EXPORTS 4¢



### WHERE IT WENT

49½¢ TO FARMERS  
18¢ TO EMPLOYEES  
1½¢ DEPRECIATION  
3½¢ TAXES  
1¾¢ DIVIDENDS  
1½¢ PUT BACK INTO BUSINESS  
24¾¢ OTHER OPERATING EXPENSES



cause for concern is the failure of the program to recognize the seasonal nature of milk production and provide an incentive for farmers to level out the peaks. This weakness in the program may encourage surplus milk production.

**Capital Expenditures** The Board of Directors adopted a budget of \$11,600,000 for capital expenditures in 1950. Combined with some \$4,000,000 authorized but not spent in preceding years, this budget sets up a program allowing for capital expenditures of approximately \$15,600,000 during 1950.

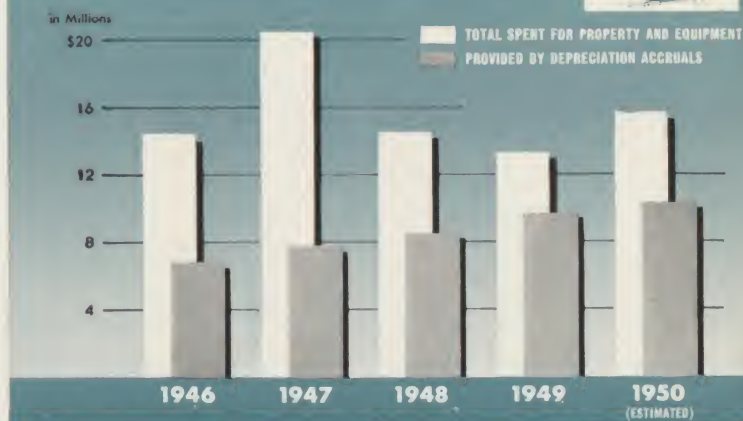
Our program consists, for the most part, of replacements of equipment. Our principal purchases will be motor vehicles and refrigerating equipment. No large new construction projects are contemplated.

Depreciation accruals are made to cover the wearing away of plants and equipment through continued use. Our 1949 accruals were, however, \$3,590,506 less than our capital expenditures of \$13,252,380. These accruals are increasing from year to year, as they reflect the recent high costs of construction and equipment. But they are still insufficient to pay for our normal replacements because new facilities cost so much more.

Thus, to finance our 1950 program we can rely on depreciation accruals for an estimated \$10,250,000, and must turn to profits for the rest.

**Loans** Our long-term notes totaled \$47,200,000. During the year we made a second payment of \$1,400,000 on our 13 $\frac{3}{4}$ % serial notes. The remaining serial notes, now amounting to \$32,200,000, will mature annually until 1956 when the balance of \$21,000,000 is due.

## PROFITS MUST HELP PAY FOR PROPERTY AND EQUIPMENT



The 3% loan of \$15,000,000 calls for repayment in annual installments beginning in 1958, with the balance of \$7,500,000 due in 1968.

**Capital Stock** The ownership of the Company continued to expand. The total number of shareholders is now 52,386, an increase of 598 over 1948. Never before has the Company's stock been so widely held. Most of the new stockholders were in the class buying between 10 and 24 shares. The average shareholding fell from 83 to 82 shares, with no individual owning as much as 1% of the Company's stock.

Outstanding at the end of the year were 4,291,000 shares, as compared with 4,300,000 a year earlier. The Company purchased 12,000 shares. It sold 3,000 shares previously set aside under options granted in March, 1945 through the Officers' and Employees' Stock Option Plan. The only securities senior to the capital stock continue to be the long-term notes.



**PUPPETS OF ELSIE** the Cow and her family make over 100 brief television appearances weekly, boosting many of Borden's products.



**IN THE PHILIPPINE** Islands we have developed a new kind of "sandwich man" who displays giant replicas of Borden's coffee jars and Klim and Hemo tins.



**CLINICAL TESTS** of Infose and Bremil, two new infant foods, were completed in 1949. They are now being introduced to physicians in several cities.





Borden's Quarter Century Club rounded out its fifth year, and 569 new members swelled the total to 4,580. Here, President Montague congratulates three employees who completed 40 years of Company service.

**Canada** The net income of THE BORDEN COMPANY, LIMITED, fell to 1.5 cents per dollar of sales from the 2.77 cents of 1948. The results of our combined fluid milk and ice cream operations were satisfactory. Export and domestic sales of manufactured products declined and adversely affected income.

Our Canadian subsidiary is proceeding with a program of modernization involving substantial expenditures for new delivery and refrigerating equipment. Inasmuch as its earnings were utilized to pay for this improvement and expansion program, no dividends were paid in 1949. It is expected that, exchange controls permitting,

our Canadian company will be able to resume payment of dividends to us in 1950.

**Employee Relations** The Company's relations with its employees, numbering over 31,000, continued to improve. It is gratifying to note a growing appreciation on the part of some labor leaders of the responsibilities which go with their leadership and, more particularly, with the great economic power which they now possess. We hope that in the future there will be an even fuller realization of the fact that industry must be prosperous as well as efficient, with a high productivity per worker at all levels, if the general standard of living is to continue to advance. No one partner in our economy can long enjoy prosperity out of proportion to that of all the others.

Our Quarter Century Club rounded out its fifth year. Founded to honor employees with 25 years or more of service, the club now has a membership of 4,580, of whom 466 are retired. Of the total, 569 members became eligible during 1949; 267 have had between 40 and 50 years of service; and 22 more than a half-century.

Participation in our contributory group insurance program is voluntary, and the number of employees covered by it again increased. Group life insurance policies were held by 20,548 men and women; \$593,704 in death benefits were paid during the year. There were 11,978 employees covered by our group accident and health insurance, and 13,594 by accidental death and dismemberment insurance. Benefits amounting to \$184,270 were paid under these programs.

Our safety program established new records. Our rates—16.36 employee injuries per million hours worked, and 3.69 vehicular accidents per 100,000 miles driven—were the best in our history.

**Advertising** Sales efforts were backed by strong advertising campaigns. Advertising was of two general types—an over-all national program featuring Elsie the Cow and promoting the BORDEN brand, and various campaigns in behalf of individual products.

As the Elsie magazine campaign completed its 10th year the first advertisement in the series was selected by an authority in the field as one of the 100 best advertisements of all time.

## THE QUARTER CENTURY CLUB

1 out of 8 employees is a member

### Service Record



#### EMPLOYEES

#### 25 yrs.

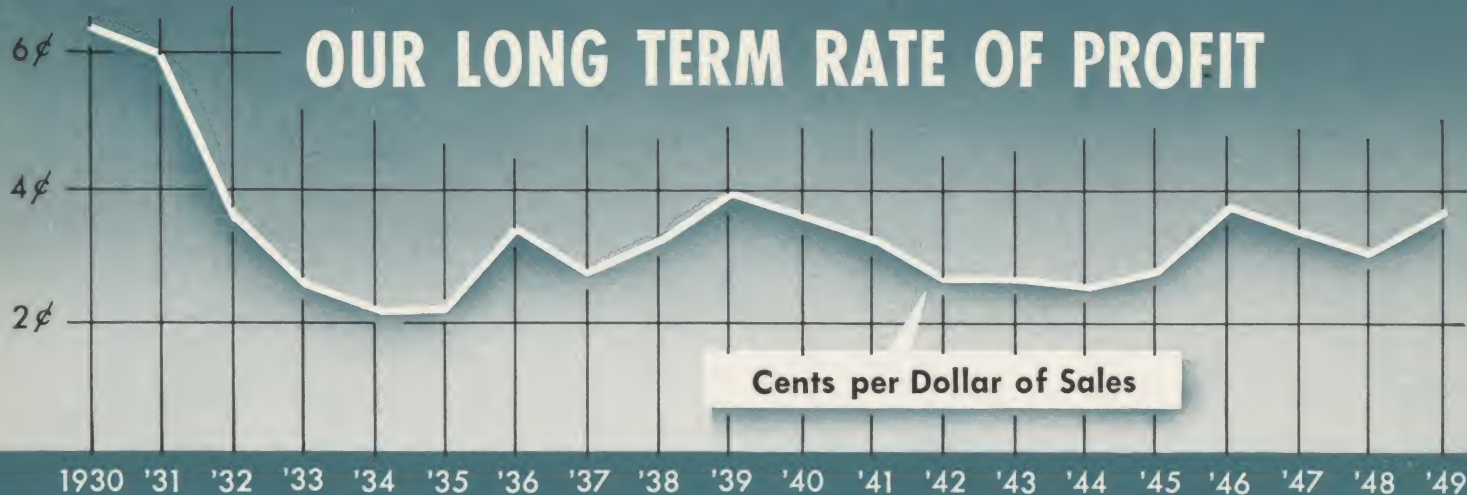
#### 40 yrs.

#### 50 yrs.

1945	28,483	2,499	170	11
1946	31,475	2,866	188	16
1947	32,399	3,354	246	18
1948	31,483	3,859	279	19
1949	31,166	4,291	267	22



# OUR LONG TERM RATE OF PROFIT



We adopted a new policy in radio. Following experimental studies we concentrated more on local programs in areas where sales possibilities are greatest. In television, we began the use of short commercial films or messages in 25 cities. Appearing between popular T.V. shows, these "spots" are more economical than a full BORDEN program and are proving effective.

**Litigation** In the course of its business the Company from time to time becomes involved in litigation. Most of this is routine, but of the actions involving the Company in the Federal and State courts several should, perhaps, be mentioned. For instance, in Chicago, a number of milk dealers, including our Company, have been charged with violation of the Sherman and Robinson-Patman Acts. We have vigorously denied these charges and at the proper time we shall defend our position to the best of our ability. It is indeed unfortunate that so much time and expense is oftentimes involved in litigation. During the year, also in Chicago, the Government dismissed charges, pending for eight years, against all individual defendants in the Sherman Act case involving the cheese industry. Accusations against the larger corporations still stand, however.

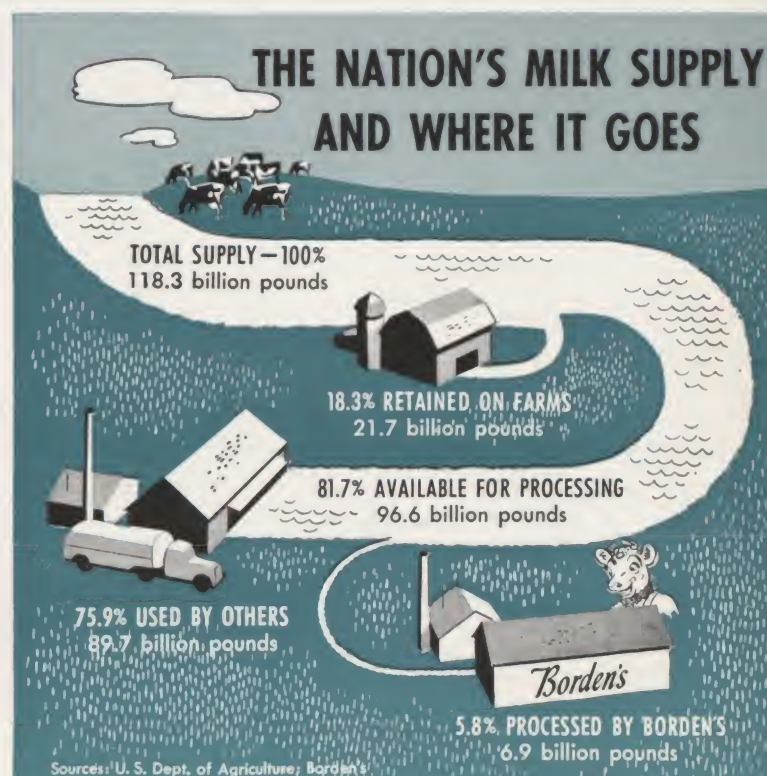
**In Conclusion** The successful operation of a corporation requires whole-hearted cooperative effort from the employees and executives. Our showing in 1949 was due in large part to the loyalty and job interest of many thousands of BORDEN people in our many operating units. I thank them for their contribution to the Company. I am grateful also for the counsel and

assistance of the other officers of the Company and the Board of Directors.

During the year we suffered a great loss through the death of Mr. Albert G. Milbank on September 7th. Serving as a legal advisor since 1902 and as Chairman of the Board since 1917, Mr. Milbank gave generously of his wise and friendly counsel, guiding the Company through its period of greatest growth.

This Report is submitted by order of the Board of Directors. In the pages that follow we present the Company's financial statements, the certificate of the independent auditors, and information about our major operating divisions and Company activities.

*Sheldon G. Montague*  
President





# The Borden Company

## CONSOLIDATED

### ASSETS

	December 31	
	1949	1948
<b>CURRENT ASSETS:</b>		
Cash . . . . .	\$ 42,448,310	\$ 46,972,815
United States Government Securities . . . . .	20,952,162	5,725,388
Receivables . . . . .	29,646,905	27,834,510
(Less Reserves—1949, \$3,097,687; 1948, \$2,838,429)		
Inventories—At the Lower of Cost or Market:		
Finished Goods		
Materials & Supplies		
1949—\$29,651,908	\$19,336,906	48,988,814
1948— 32,230,013	25,406,770	57,636,783
Total Current Assets . . . . .	<u>\$142,036,191</u>	<u>\$138,169,496</u>
<b>INVESTMENTS AND OTHER ASSETS:</b>		
Unconsolidated Subsidiaries (Foreign and Domestic) . . . . .	\$ 3,218,875	\$ 3,219,513
United States and Canadian Government Securities on Deposit . . . . .	847,287	849,590
(Pursuant to Workmen's Compensation Laws, etc.)		
Mortgages, Receivables, etc. . . . .	6,105,979	2,773,791
Total . . . . .	\$ 10,172,141	\$ 6,842,894
Less Reserves . . . . .	1,410,389	834,866
Net Investments and Other Assets . . . . .	<u>\$ 8,761,752</u>	<u>\$ 6,008,028</u>
<b>PROPERTY AND EQUIPMENT</b> . . . . .	\$181,709,298	\$174,020,197
Less Reserves for Depreciation . . . . .	81,504,208	77,436,818
Net Property and Equipment . . . . .	<u>\$100,205,090</u>	<u>\$ 96,583,379</u>
<b>DEFERRED CHARGES</b> . . . . .	\$ 1,069,321	\$ 1,478,427
<b>TRADE-MARKS, PATENTS AND GOOD-WILL</b> . . . . .	\$ 1	\$ 1
<b>TOTAL</b> . . . . .	<u>\$252,072,355</u>	<u>\$242,239,331</u>

See Page 9 for notes to financial statements.



# AND CONSOLIDATED SUBSIDIARIES

## BALANCE SHEET

### LIABILITIES

	December 31	
	1949	1948
<b>CURRENT LIABILITIES:</b>		
Accounts Payable . . . . .	\$ 25,140,283	\$ 24,397,315
(Including current maturities of serial notes—\$1,400,000 in each year)		
Accrued Accounts:		
Taxes (after deducting Treasury Savings Notes equal to accrued		
U. S. Income Taxes—1949, \$12,750,000; 1948, \$10,200,000)	2,685,660	2,608,382
Other . . . . .	7,556,354	5,244,982
Total Current Liabilities . . . . .	<u>\$ 35,382,297</u>	<u>\$ 32,250,679</u>
<b>LONG-TERM NOTES PAYABLE:</b>		
1¾% Serial Notes . . . . .	\$ 30,800,000	\$ 32,200,000
3% Promissory Note . . . . .	15,000,000	15,000,000
Total Long-term Notes Payable (Note 2) . . . . .	<u>\$ 45,800,000</u>	<u>\$ 47,200,000</u>
<b>RESERVES:</b>		
Insurance Reserves . . . . .	\$ 7,408,144	\$ 7,216,113
Other Reserves . . . . .	3,721,974	5,222,602
Surplus Reserves:		
For Contingencies . . . . .	2,000,000	2,000,000
For Possible Inventory Price Declines . . . . .	5,000,000	5,000,000
For Losses on Unusual Property Disposals . . . . .	5,000,000	5,000,000
Total Reserves . . . . .	<u>\$ 23,130,118</u>	<u>\$ 24,438,715</u>
<b>CAPITAL STOCK AND SURPLUS:</b>		
Capital Stock—\$15 par: Authorized 8,000,000 shares;		
Issued 4,417,958 shares . . . . .	\$ 66,269,370	\$ 66,269,370
Capital Surplus . . . . .	14,304,440	14,271,327
Earned Surplus (Earnings retained for use in the business) . . .	71,260,342	61,491,504
Total . . . . .	<u>\$151,834,152</u>	<u>\$142,032,201</u>
Less Treasury Stock—At Cost:		
1949, 126,958 shares; 1948, 117,958 shares (Note 4) . . . . .	4,074,212	3,682,264
Capital Stock Outstanding (1949, 4,291,000 shares;		
1948, 4,300,000 shares) and Surplus . . . . .	<u>\$147,759,940</u>	<u>\$138,349,937</u>
TOTAL . . . . .	<u><u>\$252,072,355</u></u>	<u><u>\$242,239,331</u></u>



# The Borden Company

## STATEMENT OF CONSOLIDATED NET INCOME

	Year Ended December 31	
	1949	1948
NET SALES . . . . .	\$613,763,267	\$649,592,375
OTHER INCOME:		
Interest, Dividends and Royalties . . . . .	768,317	927,261
Rentals, less expenses of properties rented or unessential to operations	213,259	241,964
Other . . . . .	482,555	759,467
TOTAL . . . . .	<u>\$615,227,398</u>	<u>\$651,521,067</u>
LESS:		
Cost of Goods Sold . . . . .	\$531,351,621	\$577,822,372
Selling, General and Administrative Expenses and Other Charges	48,052,834	43,162,319
Interest Expense . . . . .	1,061,702	718,928
Provision for Federal and Dominion Income Taxes . . . . .	12,870,762	10,638,021
TOTAL . . . . .	<u>\$593,336,919</u>	<u>\$632,341,640</u>
NET INCOME . . . . .	<u>\$ 21,890,479</u>	<u>\$ 19,179,427</u>

## STATEMENT OF CONSOLIDATED EARNED SURPLUS

### EARNINGS RETAINED FOR USE IN THE BUSINESS

	Year Ended December 31	
	1949	1948
BALANCE AT BEGINNING OF YEAR . . . . .	\$ 61,491,504	\$ 53,605,098
ADD:		
Net Income . . . . .	21,890,479	19,179,427
TOTAL . . . . .	<u>\$ 83,381,983</u>	<u>\$ 72,784,525</u>
DEDUCT:		
Dividends paid (\$2.70 a share in 1949 and \$2.55 a share in 1948)	\$ 11,593,320	\$ 10,944,885
Write-off of Good-will Purchased during the Year . . . . .	528,321	348,136
TOTAL . . . . .	<u>\$ 12,121,641</u>	<u>\$ 11,293,021</u>
BALANCE AT END OF YEAR . . . . .	<u>\$ 71,260,342</u>	<u>\$ 61,491,504</u>

See Page 9 for notes to financial statements.



## AND CONSOLIDATED SUBSIDIARIES

### STATEMENT OF CONSOLIDATED CAPITAL SURPLUS

	Year Ended December 31	
	1949	1948
BALANCE AT BEGINNING OF YEAR . . . . .	\$ 14,271,327	\$ 14,244,522
Credits arising through disposal or utilization of properties previously written off against Capital Surplus . . . . .	33,113	26,805
BALANCE AT END OF YEAR . . . . .	<u>\$ 14,304,440</u>	<u>\$ 14,271,327</u>

### Notes to Financial Statements

(1) BASIS OF CONSOLIDATION:

The financial statements include all Canadian subsidiaries and all domestic subsidiaries except one whose operations are not integrated with those of the Company. The Company's share (approximately \$700,000 for 1949, and \$1,400,000 for 1948) in the net income of unconsolidated foreign and domestic subsidiaries is included in the Statement of Consolidated Net Income only to the extent of dividends received (in 1949—none; in 1948—\$500,000).

At December 31, 1949, net current assets of Canadian subsidiaries, converted at the official exchange rate on that date, are included in the Consolidated Balance Sheet at their U. S. dollar equivalent of \$5,543,028; other assets of such subsidiaries at that date, aggregating \$7,372,402, are included therein at parity of exchange. Net income of Canadian subsidiaries for the year 1949 has been converted at official exchange rates, i.e. parity of exchange for the period from January 1 to approximately September 20 and thereafter at \$.909 Canadian to \$1.00 U. S., and is included in the Statement of Consolidated Net Income at the U. S. dollar equivalent. Devaluation of the Canadian dollar in September 1949 caused a reduction of approximately \$550,000 in the U. S. dollar equivalent of the net current assets of Canadian subsidiaries. This amount is included with Selling, General and Administrative Expenses and Other Charges in the Statement of Consolidated Net Income. Assets and liabilities at December 31, 1948, and net income for the year ended that date of Canadian subsidiaries are included in the accompanying statements at parity of exchange.

(2) NOTES PAYABLE:

The 1¾% Serial Notes mature \$1,400,000 annually 1950 and 1951, \$2,100,000 annually 1952 through 1955, and \$21,000,000 in 1956, and the 3% Promissory Note matures \$750,000 annually 1958 through 1967, and \$7,500,000 in 1968. The Company has agreed that it will not declare dividends or make other "stock payments" in excess of certain limitations expressed in the loan agreements.

(3) INVENTORIES:

The last-in, first-out method is employed in costing out inventories of certain products.

(4) STOCK OPTIONS:

Capital stock of the Company held in the treasury at December 31, 1949 includes 45,500 shares reserved under the Officers and Employees Stock Option Plan as approved by the stockholders. Of the shares so reserved, 12,000 shares relate to options at \$36.25 a share granted on March 31, 1945 and expiring on March 30, 1950, and 33,500 shares relate to options at \$45.75 a share granted on January 3, 1946 and expiring on January 2, 1951. The option price in each case was \$1.00 more than the last sale on the New York Stock Exchange preceding the date of the issuance of said options.

(5) DEPRECIATION:

Provision for depreciation charged to operations was \$9,661,874 for 1949 and \$8,512,816 for 1948.

(6) CONTINGENCIES:

The Company was guarantor of bank loans to foreign affiliated companies in amounts aggregating approximately \$1,000,000 at December 31, 1949. See comment on page 5 of the Annual Report to Stockholders and Employees for reference to litigation.



# Accountants' Certificate

1 EAST 44TH STREET  
NEW YORK 17

**HASKINS & SELLS**  
CERTIFIED PUBLIC ACCOUNTANTS

February 21, 1950.

THE BORDEN COMPANY:

We have examined the consolidated balance sheet of THE BORDEN COMPANY and Consolidated Subsidiaries as of December 31, 1949 and the related statements of consolidated net income, earned surplus, and capital surplus for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the accompanying consolidated balance sheet and statements of consolidated net income, earned surplus, and capital surplus, with the notes pertaining thereto, present fairly the financial position of the companies at December 31, 1949 and the results of their operations for the year then ended, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

*Haskins & Sells*





Bulk and packaged ice cream and novelties are sold in drug and ice cream stores and served in schools, restaurants and hotels in 30 States and two Canadian Provinces under the Borden brand. Also such local brands as Hendler's, Horton's, Melorol, Reid's and others.

## The Ice Cream División

**O**UR ICE CREAM BUSINESS was carried on successfully and showed an improvement in profit. National consumption of ice cream again declined, reducing the sales gallonage of the industry as well as ourselves. Consumption closely followed the trend of national income until the war. It was then boosted by an abnormal demand from the armed forces as well as from civilians whose incomes were high but who, because of shortages of other products, bought more ice cream than they normally would have. From its all-time peak in 1946 ice cream consumption has declined, apparently seeking its old relationship to consumer income.

To improve our sales position we strengthened our selling and merchandising activities. Supplementing the enlarged program carried on in 1949 we shall rely more heavily on a coordinated national advertising program in the future. Successful in introducing LADY BORDEN, national promotion is expected to give an added impetus to sales in 1950.

In manufacturing and delivery we face a difficult problem. Declining volume has, of course, resulted in higher costs per gallon. Consequently, we must look to further operating economies. With these in mind we installed cost-saving equipment at many locations and began several plant improvements.

Most important of these involve our two principal plants. In Chicago, all manufacturing operations in our new building will be placed on one floor to permit an efficient one-way flow of materials. In New York, we are enlarging our Fifth Avenue plant to reduce transportation costs. When completed the plant will manufacture all products for Northern New York City and Westchester County. Thus we can eliminate costly inter-plant shipments and long hauls through dense city traffic.





Fresh milk, cream and a variety of dairy specialties are sold on home-delivery routes and in food stores in areas in 19 States and two Canadian Provinces under the Borden brand. Also such local brands as Castanea, Joubert, Mitchell, Moores & Ross and others.

## The Fluid Milk Division

**F**OR THE FLUID MILK Division as a whole 1949 was a satisfactory year. Our profit was about the same as in 1948. Dollar sales declined because milk prices were generally lower. Our sales volume improved, however, and comparison with Government estimates of the national output indicates that we did better than the average for the industry.

We sold more milk in practically every market that we serve. The principal exceptions were a few cities where general business conditions were poor and Metropolitan New York, where we suffered from unfavorable publicity and price warfare.

The New York price war broke out in October when a principal competitor cut his prices drastically. To protect ourselves against a loss of customers we had to meet these lower prices although they could not be justified on economic grounds. While this put our New York business on a profitless basis, the Fluid Milk Division as a whole was protected by the relatively good showing made by its operations in other parts of the country.

Climaxing a long period of unfavorable publicity, the New York situation also created an unfortunate by-product to disturb the industry's public relations. For years we had worked toward a better popular understanding of the economics of milk distribution—its operating problems, costs and profits. Much ground was lost when the price war left the false impression that profit is large enough to allow price cuts without off-setting reductions in our two major costs—labor and what we pay for milk.

To improve our efficiency we undertook several new building projects and adopted thrice-weekly milk deliveries in many markets to replace delivery on alternate days. Plant improvements were started or completed at the following points: Akron, Ohio, where we are consolidating two plants; Houston, Texas; Lafayette, Indiana; Lake Charles, Louisiana; Long Island City, New York; and Modesto and San Jose, California.



## The Cheese División

OUR CHEESE BUSINESS showed considerable improvement. Results were better than in 1948; considering, however, the large volume handled and the traditional earnings of the business, the showing was not up to expectations. There were several reasons for this. Cheese prices were sharply lower and competition intense—factors which narrowed margins on some items—and caused some losses on inventories which had been held over from 1948.

Our dollar sales declined, of course, because of lower price levels. The Cheddar cheese market averaged about 30½ cents per pound—down 25% from 1948. Prices were steadier, however, and did not follow the erratic course that was costly to us in 1948. The seasonal downtrend in prices was delayed somewhat by large purchases of cheese — and anticipated further buying — by the British Food Ministry. But when Britain came face to face with her dollar shortage, she halted her purchases in the United States. As a result, the market dropped sharply in July.

The market was subsequently stabilized when the U. S. Government announced a program to support the price of Cheddar cheese at 31¾ cents per pound. This took much of the risk out of cheese-buying but placed large stocks of Cheddar cheese in Government hands. Toward the end of the year, the Government announced a new support price of 31 cents per pound from January 1, 1950 through March, 1951.

There was plenty of cheese during the year. With the exception of August, every month showed a higher output of Cheddar than a year earlier. In the principal cheese-making areas milk production was favored by low feed costs and good weather. Accompanying the large output was a record-breaking consumption. Cheese was popular because it was cheaper than usual in relation to meat and served as a replacement for that food. Sales of some of our branded cheese products showed a most gratifying increase.



Cheese and cheese specialties sold under the Borden brand include Liederkranz Brand Cheese, Military Brand Camembert, Domestic Gruyere, Pippin Roll, Vera Sharp Aged Natural Cheddar, Borden's Swiss and Dutch Maid Brand Limburger. Also, many varieties of processed cheese foods.





Our manufactured foods include such Borden brand products as condensed milk, evaporated milk, instant coffee, fortified food drinks, malted milk, powdered milk, mince meat, powdered chocolate drink and powdered fruit juices.

## The Manufactured Products Division

CARRYING ON WIDELY diverse activities, the Manufactured Products Division made a marked improvement in profit. To this showing all of this Division's major departments contributed. Sales of most principal items rose over 1948.

Evaporated milk sales to the trade followed an industry downtrend as wholesalers and retailers bought only for immediate needs because of falling prices, there having been six price reductions between September, 1948 and April, 1949. Actual consumption of evaporated milk did not, however, decline to the same extent as trade sales, which showed signs of a revival late in 1949. Our EAGLE BRAND condensed milk continued to retain much of its wartime sales gain.

Our principal specialty products sold well. Sales of STARLAC, our dry skim milk for consumer use, rose substantially as distribution was widened to cover most large population centers. Promotion of our mince meat as a year-round—and not just a holiday—item was successful. Demand for our instant coffee rose sharply, because high coffee prices made concentrates a better buy than normally and consumers, alarmed by a threatened coffee shortage, stocked their shelves.

Our American caramel business, which we entered in 1902, was abandoned. Profit prospects were too narrow to warrant the added plant investment required to meet current competitive conditions.

Our export business was erratic. Its troubles came principally from Great Britain's dollar shortage and the devaluation of the pound sterling. Where currencies were tied to the pound the tendency was to confine buying to the sterling area. Moreover, as devaluation extended to other countries, they were virtually closed to us because American goods became too high in terms of their money. Despite these problems, our export people worked to offset these losses with gains elsewhere and did a satisfactory business.

Manufacturing efficiency was considerably improved in some areas. Extending motor routes to collect milk from wider territories we consolidated many small plants so that those remaining handle more milk at lower unit costs.



## The Special Products Division

**C**ONFIRMING THE FORECAST made a year ago our Special Products Division had a successful year. There was an increase in its overall sales, and profits were better than in either of the two preceding years. While many activities contributed to this progress, the chief factor was the Animal Foods Department.

There were, however, some unsolved problems. Our soy bean processing operation, for example, was in an unfortunate situation resulting from Government price controls. By supporting farm prices for soy beans the Government determines the minimum amount which processors must pay for their supply. Soybeans are, however, converted into oil and meal which must compete with other oils and meals. If the prices of these soy products, which are sold on a free market, drop below the cost of beans, the processor is squeezed. Such a squeeze took place in 1949.

The solution appears to be this: Either support at relative levels the prices of the oil and meal and the products with which they compete or remove the supports under soybean prices, letting them reach the levels set by supply and demand. The Government has taken little action to correct this situation. Under such conditions, even modern processing plants like the one we have at Kankakee, Illinois, and the one we are completing at Waterloo, Iowa, cannot operate profitably.

Research created some new and interesting products. The Division pioneered the development of betaine, an important factor in animal — and possibly human — nutrition, and introduced it into some of our feed supplements. Two new nutritional products for infants were also developed and are being introduced in several markets. While the nature of these products precludes large volume sales, they should in time strengthen our diversified list.



A growing list of prescription foods for infants and adults is marketed through neighborhood drug stores and principal pharmaceutical houses.



Feed supplements for poultry and farm animals are sold in bulk to feed mixers, and as Borden's Ration-ayd in packages to retailers of farm supplies.







Synthetic resins are the basis for Borden's plastic molding compounds, foundry core binders and many of the adhesives used in plywood, furniture and other wood products. Borden's resin glues are also sold in hardware stores for home use.

## The Chemical Division

**S**UPPLYING INDUSTRY instead of the family, the Chemical Division has a unique position in the Company. Unlike operations that are more directly dependent upon consumer income, it shares in the fortunes of the manufacturing enterprises which it serves.

This relationship was illustrated during the year when the Division's sales kept in fairly close step with the Federal Reserve Board's *Index of Industrial Production*. As might be expected, both sales and profits dropped from the levels that were established during 1948.

The sales decline began in the closing weeks of 1948 and continued through the first half of 1949. Both our over-all sales and the *Index* reached their low point in July, although demand for some lines showed improvement as early as June. Business moved at a brisk pace in the last quarter.

These last three months saw an improvement in profit, bringing it near earnings of the corresponding period a year earlier. The upturn was not, however, sufficient to compensate for the lean showing of earlier months. Consequently, the entire year's outcome was below 1948. A factor in reducing profit was the sharpened competition which comes with a shrinking market and tends to narrow margins of profit.

Our DURITE Department, which made a good showing in 1948, was hardest hit by the slump. Despite this, we continued work on a sizable addition to our Philadelphia, Pennsylvania plant to provide a more efficient production line and a 50% increase in our capacity for the manufacture of molding compounds.





SINCE 1899, THE BORDEN COMPANY, Limited has served the people of Canada and during this half-century has grown with the country—contributing to the nation's growth as well as benefitting from it. Last year our Canadian friends and neighbors joined with us in celebrating our Golden Jubilee. Old-timers could recall early days at Ingersoll, Ontario—our first Canadian condensery (shown above) which is still operating. Contemporaries are, however, more familiar with the all-Canadian operating organization headed by W. Frank Jones, President of The Borden Company, Limited, as is shown on the following pages. . . .



PRESIDENT

JONES





AS A YOUTH Byron Jenvey (standing) delivered the first load of milk to Ingersoll back in 1899. Here, he reminisces with James G. Milne, plant superintendent who retired recently after 45 years of Borden service. Ingersoll, and our milk powder plant at Tillsonburg (center) did much to revolutionize dairying in Western Ontario.

TODAY, OUR PRODUCTS are known from Vancouver Island, to Nova Scotia and Newfoundland. And they are served daily in the legislators' restaurant on Parliament Hill.



BORDEN EXECUTIVES ARE active in civic and service groups and help boost community activities. Elsie the Cow, who frequently aids charities sponsored by Rotary, Kiwanis, Kinsmen or Lions Clubs, has a permanent exhibit at the Canadian National Exhibition.

ALTHOUGH EXCHANGE restrictions have reduced our Canadian stockholder list, Dr. Byron A. Campbell and Alice E. Campbell have long been Company owners. The doctor has practiced medicine 55 years. Miss Campbell, no relation, is a retired bank employee.



AT OUR 800-ACRE Ottawa Dairy Farm, dairy herd improvement and soil conservation are important projects. Manager Tom Dickerson also sponsors calf club to spur youngsters' interest in dairying.

OUR INTEREST IN quality extends from independent dairy farms into each of our plants. Company veterinarians and fieldmen keep farmers posted on good sanitary practice. Laboratories test every milk delivery. Ennis McCorkell (center) knows he is serving milk of top quality. Cheese expert Jack White (right) checks a run of our famous Chateau.





OFFICERS OF The Borden Company, Limited, direct the activities of some 49 plants and 3,100 employees from this picturesque headquarters building in Toronto. Last February, 2,400 employees and their guests saw a birthday-theatre party broadcast of "Canadian Cavalcade," heard over 32 CBC stations, which launched 1949's Golden Jubilee promotion campaign. Our birthday cake delights Miss Nancy Hewson.

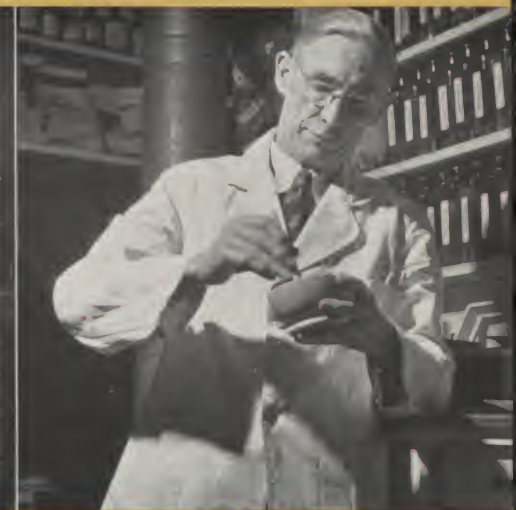
BORDEN SCHOLARSHIPS help students obtain training in work traditional with the Company at Ontario Agricultural College (above), MacDonald College and the University of Toronto's College of Pharmacy.



A NEIGHBORHOOD GROCER for 35 years, and a Borden retailer, too, is Cyril A. Bond, who emigrated from England in 1911. He has been a stockholder for more than 20 years.



RED CROSS WORK takes a lot of Mrs. Margaret Bingham's time these days. Widow of a Borden plant engineer, she depends on Company dividends for part of her income.



AN APOTHECARY for 48 years, Ernest Ballard, of Toronto, still serves the people in his community. Part of his savings have remained invested in Borden's stock since 1929.



SOME OF OUR CANADIAN employees are stockholders, too. Included among them are Walter S. Clark and Sam Schwartz, route supervisors for our Farm Products milk plant at Montreal. Another is Frederick Bourelle (center) clerk in our J. J. Joubert, Limitee, ice cream plant, also in Montreal.

NEW QUEBEC ICE cream plant offices. Fluid milk, ice cream are sold only in Ontario and Quebec. Powdered, condensed and evaporated milk, Hemo, Dryco, instant coffee, powdered lemon juice, powdered chocolate, chocolate syrup, caramels and formula foods for infants are sold in most areas.



## INTER-OFFICE MEMORANDUM

To: The Treasurer

FROM: Public Relations Director

SUBJECT: That \$8,000 Typewriter

Can't we give the average fellow a better idea of how much money is used for the average Borden job? He can, of course, find the answer himself by looking at the Balance Sheet and doing a little figuring. But, failing to do this, he misses the basic fact that there wouldn't be a single job if someone didn't put up the money for it. People who put up the money for jobs are as necessary as the people who fill them.

Dividing our assets — \$252 million — by the number of Borden employees — 31,166 — I find it comes to about \$8,000 each.

Some people get this picture easily. A wholesale driver knows that his truck alone costs nearly this much. Looking about him, a plant worker sees expensive machinery, and he grasps the idea quickly.

But a stenographer, having little contact with our plants or trucks, thinks only of her machine and asks: "What typewriter ever cost \$8,000?" What she doesn't realize is that there wouldn't be work for her or her typewriter without many millions more being invested in all the things that are used in the business. Her job depends as much on all of these as on the typewriter itself. Every employee's job requires his fellow worker's equipment as well as his own, and all jobs are possible only because of our over-all investment.

To tell this story, we should show what our assets are, and how much of each kind is used for the average job. I figure it this way:

What's Used in the Business	Per Employee
<u>Cash and Securities</u> : Ready money to pay employees, farmers, suppliers, taxes, etc. . . . .	\$2,000
<u>Receivables</u> : Money due from customers for goods sold to them . . . . .	900
<u>Inventories</u> : Amounts tied up in supplies and finished products waiting to be sold . . . . .	1,600
<u>Property and Equipment</u> : Investment in buildings, office and plant equipment, trucks, etc. . . . .	3,200
<u>Miscellaneous</u> : Amounts loaned, advance payments, money invested in unconsolidated subsidiaries, etc. . . . .	300
<u>Total for the average Borden job:</u>	\$8,000

There's the story of that \$8,000 typewriter! It's told so simply, I hope, that if our friend the Borden stenographer reads this she'll have a better idea of what it takes for a Borden job, and how important the 52,386 Borden stockholders are in creating it.





## The Continuing Study—

### Sheds Light on Who Owns Borden's

All too often, the stockholders of widely-owned corporations seem to be merely names on a long list to *which* dividends are sent from time to time. They are the Jane and John Does of America who help finance the nation's industrial progress, but because of their very numbers lose their identities in the stock list. In recent years, BORDEN's has tried to change those names from *which* to *whom*, and thousands have emerged from the ledgers as individuals as real and live as the folks across the street.

It all started back in the Summer of 1944 when, in the hope of finding better ways to serve the interests of our stockholders, BORDEN's began its "Continuing Study of Company Ownership." Since that time, each new stockholder has received an easy-to-answer questionnaire, and when the program rounded out its fifth year, last August, over 10,000 men and women had aided in the Study, which remains unique in American business.

Their responses shed an interesting light on the people who own the Company. For instance, 82 per cent of those responding hold their stock as individuals, and 15 per cent in joint tenancy. The rest is held by institutions, corporations, estates or trust funds.

The individuals are nearly equally divided between men and women. About two-thirds own less than 50 shares, and the same proportion derive less than half their income from investments. And 12 per cent of these purchasers have previously owned BORDEN shares. About 93 per cent buy the Company's stock to hold for investment, and 96 per cent own securities in other corporations.

The most frequently mentioned occupation is that of housewife, representing 27 per cent of the total. Next come doctors, lawyers, and other professional people with 13 per cent. And, third, retired people total 12 per cent. The balance covers 17 other occupational groups such as salesmen, teachers, mechanics and farmers.

At the time they bought their stock, only 42 per cent were regular BORDEN customers, 50 per cent occasionally purchased our products and eight per cent didn't use them at all. However, aside from financial progress, the items of greatest interest to new stockholders are new products and the availability of standard items.

Taking a cue from this interest, we sampled our INSTANT COFFEE and GRUYERE CHEESE among our stockholders during 1949, and got a breath-taking acceptance in both instances. The products were introduced to tens of thousands of new users and a flood of thank-you letters indicated that many had shared these products with their friends and neighbors.

A typical stockholder reaction to this sampling came from a lady in Long Beach, California who wrote, "I had not used your coffee until it was offered to me to try out. Since then, I always have it on hand. From owning the stock, I became very BORDEN conscious and intend to remain so."

... OF 10,000 NEW  
STOCK PURCHASERS



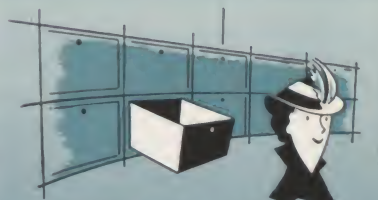
8 out of 10 hold  
stock as individuals



2 out of 3 own  
less than 50 shares



2 out of 3 get  
less than half of income  
from investments



9 out of 10 hold Borden  
stock for investment



1 out of 4 is a housewife



1 out of 8 is a retired person





## A HALF-CENTURY'S PROGRESS IN MILK

**E**VERY INDUSTRY has had a hand in speeding the country's progress during the last half-century and lifting our daily living to its present excellence. Developments brought about in some industries have been dramatic and revolutionary. In others, progress has been made quietly and gradually but has been no less substantial.

In the dairy industry we have moved forward in small steps, but the total distance covered is impressive. While every branch of the industry has advanced since the Gaslight Era, developments in fresh milk have most deeply affected the habits and well-being of Americans. Today, fresh milk is not only a finer, vastly changed product, but it also represents a major contribution to public health. As a result of improvements in this product Americans enjoy better nutrition and a lengthened life span.

To appreciate the progress which placed today's bottle of milk at the top of the nation's food list, the modern housewife should imagine herself a milk buyer back in 1900. These are the changes she would find:

**UNPASTEURIZED MILK!** A half-century ago pasteurization was just getting under way. Today, pasteurization, which destroys disease-bearing bacteria and removes the danger of milk-borne illness and epidemics, is the rule in virtually every American community. To it goes much of the credit for the reduction in the nation's infant death rate.

**MOST MILK SOLD IN BULK!** In 1900, most milk was dipped from a can into the consumer's pitcher. Today, the glass milk bottle is in universal use and paper bottles facilitate purchases from stores. Both types of containers protect the purity of milk, assure fair measure and add to the buyer's convenience.

**LOWER FOOD VALUE!** In 1900, the word "vitamin" was unknown. Today, much of the milk sold is fortified with additional vitamin D, and the trend is toward enrichment with other vitamins and minerals.

**INSUFFICIENT INSPECTION!** Fifty years ago there was very little official examination of milk supplies. Today, most municipalities set high standards of sanitation. Careful and sanitary handling of milk from cow to consumer is the general practice, and the outcome is a better product. Tuberculosis in dairy herds has been stamped out, and healthier cows yield a more wholesome milk.

**LITTLE UNIFORMITY!** In 1900, the industry was not equipped to provide a uniform product. Today, measuring techniques permit the testing of milk for cream content and quality, and modern packages allow accurate measure and factual labeling—all assuring the customer her money's worth.

**NO HOMOGENIZATION!** At the turn of the century there were no homogenized products.



## PASTEURIZATION



1949

1900

## PACKAGING



1949

1900

## NUTRITION



1949

1900

## INSPECTION



1949

1900

## UNIFORMITY



1949

1900

## HOMOGENIZATION



1949

1900

## DISTRIBUTION



1949

1900

In 1950, BORDEN's marks its 75th year in the fluid milk business and is proud of the many major contributions it has made to the product's improvement. During the years to come, the Company will continue its efforts to advance "nature's most nearly perfect food" even closer to perfection.

Progress rightfully has its own price. A better product, supplied with better service, is obviously worth more and might be expected to cost more. But, it is much easier to earn the price of a bottle of milk today than in 1900, the cost having risen less than wages and most other prices. Fifty years ago, the average factory worker toiled 27 minutes for a quart of milk. Now he works an average of only 9 minutes for a vastly improved product!

Today, a good part of all bottled milk is homogenized. A process that breaks down the butter-fat globules in milk, homogenization turns out a better-tasting, more easily digestible milk that is favored both as a beverage and for cooking. POOR DISTRIBUTION! In 1900, a "horse-and-buggy" delivery system worked throughout the night. Today, a swift motorized fleet serves the consumer with less frequent calls and fewer interruptions of the household. More stores handle milk for those who want to buy that way. Better refrigeration—in the plant, on routes, in the home—prevents losses from souring.



# THE PAST TEN YEARS

## FINANCIAL POSITION

### ASSETS:

	1949	1948	1947	1946	1945	1944	1943	1942	1941	1940
Cash	\$ 42,448,310	\$ 46,972,815	\$ 42,061,327	\$ 29,004,830	\$ 30,133,484	\$ 33,972,396	\$ 26,470,542	\$ 22,763,267	\$ 20,321,433	\$ 20,147,814
Securities	20,932,162	5,725,388	5,425,810	5,984,098	27,806,725	9,656,545	9,844,919	9,586,708	4,489,075	4,412,912
Receivables	29,646,905	27,834,510	25,657,428	26,678,474	17,369,830	20,877,457	17,199,554	16,459,548	18,089,718	12,794,346
Inventories	48,988,814	57,636,783	48,922,300	57,641,793	31,474,676	34,192,113	34,249,927	28,847,337	28,695,550	17,895,422
Investments and Other Assets	8,761,752	6,008,028	9,293,715	10,742,243	6,879,612	8,346,748	6,470,531	3,165,185	3,209,262	2,908,644
Property and Equipment	100,205,090	96,583,379	89,282,027	75,322,556	65,235,310	64,839,491	66,535,599	68,964,011	69,378,011	67,220,328
Deferred Charges	1,069,321	1,478,427	1,175,588	813,445	876,544	958,560	1,132,595	1,018,063	902,581	939,747
Trade-Marks, Patents, Good-Will	1	1	1	1	1	1	1	1	1	1
Total	\$252,072,355	\$242,239,331	\$221,818,196	\$206,187,440	\$179,776,182	\$172,843,311	\$161,903,668	\$150,804,120	\$145,085,631	\$126,319,214

### LIABILITIES:

Current Liabilities	\$ 35,382,297	\$ 32,250,679	\$ 32,621,335	\$ 34,750,708	\$ 27,897,499	\$ 24,697,992	\$ 22,926,455	\$ 19,282,081	\$ 20,902,424	\$ 15,208,347
Non-Current Liabilities	45,800,000	47,200,000	33,600,000	23,028,230	12,933,520	13,835,025	10,637,506	11,376,014	11,833,716	329,744
Total	\$ 81,182,297	\$ 79,450,679	\$ 66,221,335	\$ 59,778,938	\$ 40,831,019	\$ 38,533,017	\$ 33,563,961	\$ 30,658,095	\$ 32,736,140	\$ 15,538,091

### STOCKHOLDERS' FUNDS AND RESERVES:

Reserves	\$ 23,130,118	\$ 24,438,715	\$ 25,470,311	\$ 26,408,415	\$ 31,727,847	\$ 30,409,097	\$ 24,702,056	\$ 17,292,640	\$ 11,464,736	\$ 11,907,202
Capital Stock and Surplus	147,759,940	138,349,937	130,126,550	120,000,087	107,217,316	103,901,197	103,637,651	102,853,385	100,884,755	98,873,921
Total	\$170,890,058	\$162,788,652	\$155,596,861	\$146,408,502	\$138,945,163	\$134,310,294	\$128,339,707	\$120,146,025	\$112,349,491	\$110,781,123

## OPERATING RESULTS

### RECEIPTS:

Sales	\$613,763,267	\$649,592,375	\$602,959,406	\$542,998,805	\$459,454,880	\$410,478,189	\$371,866,527	\$325,350,306	\$259,128,514	\$216,795,850
Other Income—Net	402,429	1,209,764	837,147	854,711	620,110	1,068,018	908,484	187,914	464,603	486,420
Total	\$614,165,696	\$650,802,139	\$603,796,553	\$543,853,516	\$460,074,990	\$411,546,207	\$372,775,011	\$325,538,220	\$259,593,117	\$217,282,270

### DISPOSITION:

Farmers	\$303,284,084	\$360,760,796	\$310,296,989	\$290,509,180	\$216,176,520	\$196,866,197	\$183,775,086	\$153,263,042	\$122,949,621	\$ 98,849,943
Payroll	109,780,054	106,131,433	101,175,326	89,000,822	74,180,581	67,963,166	62,364,299	57,968,360	52,319,148	50,333,858
Taxes	20,889,928	17,554,001	18,461,259	19,371,222	32,908,596	30,281,637	21,954,543	15,096,404	8,593,518	6,477,171
Depreciation	9,661,874	8,512,816	7,703,212	6,791,453	6,758,104	6,448,415	6,442,955	6,483,314	6,194,108	6,016,187
† All Other Costs and Expenses	148,659,277	138,663,666	146,366,491	118,599,833	*117,957,217	*99,998,798	*88,832,423	*84,347,446	*61,266,150	48,022,494
Dividends to Stockholders	11,593,320	10,944,885	10,807,100	9,508,900	7,623,711	7,267,990	6,521,573	6,134,210	6,148,316	6,155,386
Put Back in the Business	10,297,159	8,234,542	8,986,176	10,072,106	4,470,261	2,720,004	2,884,132	2,245,444	2,122,256	1,427,231
Total	\$614,165,696	\$650,802,139	\$603,796,553	\$543,853,516	\$460,074,990	\$411,546,207	\$372,775,011	\$325,538,220	\$259,593,117	\$217,282,270

†Including inventory variations.

\*Including reserve provisions due to wartime conditions.





Borden's Sales Symbol

5

Soy Bean Oil and Meal

6

Packaged Ice Creams for Home Use

7

Poultry Feed Supplements

Feed Supplements

13

Chocolate Drinks

14

Powdered Milks

15

Ice Creams and Sherbets

16

Chemicals

erated Milk

22

Grocery Specialties

23

Fresh Milk

24

Waterproof Plywood Adhesives

25

Prescription Foods

9

Cream

30

Dessert Cheeses

31

Infant Foods

32

Pure Instant Coffee



# A PICTURE OF BORDEN'S OPERATIONS

## WE OPERATE THESE PLANTS

## WE BUY THESE MAJOR MATERIALS

## WE SELL THESE MAJOR PRODUCTS



**FLUID MILK**

**84\***  
PLUS 116 DISTRIBUTING BRANCHES



MILK & CREAM  
BOTTLES & CANS  
PAPER PACKAGES  
GASOLINE AND OIL  
COAL



MILK  
CREAM  
COTTAGE  
BUTTER  
CHOCOLATE



**MANUFACTURED PRODUCTS**

**56**



MILK & SUGAR  
COFFEE & COCOA  
FRUITS AND SPICES  
TINPLATE  
PACKAGING MATERIALS



CONDENSED  
INSTANT  
MINCE MEAT  
POWDER  
MALTED



**CHEESE**

**20**  
AND 12 DISTRIBUTING BRANCHES



MILK AND CREAM  
NATURAL DOMESTIC CHEESES  
VEGETABLES AND FRUITS  
IMPORTED CHEESES  
PACKAGING MATERIALS



NATURAL  
DESSERT  
PROCESSED  
GRATED  
COCKTAIL



**CHEMICALS**

**6**



CASEIN  
UREA  
PHENOL  
RESORCIN  
FORMALDEHYDE



PLASTIC  
WATERPROOF  
WOODWORK  
HOUSEHOLD  
CASEIN AND



**SPECIAL PRODUCTS**

**9**



SOY BEANS  
VITAMIN-BEARING MATERIALS  
MILK & WHEY  
COCOA & FLAVORINGS  
EGGS



ANIMAL FEED  
POULTRY  
SOYBEAN  
SOYBEAN

PRESCRIPTION  
BAKERS' INGREDIENTS  
BEVERAGE  
MILK SUGAR  
VITAMIN-D



**ICE CREAM**

**73\***  
PLUS 228 DISTRIBUTING BRANCHES



CREAM AND MILK  
FRUITS AND NUTS  
PACKAGING MATERIALS  
FLAVORS  
SUGAR



BULK ICE CREAM  
PACKAGING  
ICE CREAM  
FRUIT SUGAR

\* 31 PLANTS OPERATED JOINTLY BY ICE CREAM & FLUID MILK DIVISIONS



# CTIONS IN THE UNITED STATES AND CANADA

ALL THESE PRINCIPAL PRODUCTS

TO THESE CUSTOMERS

IN THESE MARKETS

AGE CHEESE  
R & EGGS  
OLATE DRINK



HOMES  
RETAIL STORES  
SCHOOLS  
RESTAURANTS  
HOTELS



19 STATES  
2 CANADIAN PROVINCES



ED & EVAPORATED MILK  
COFFEE  
EAT  
ED MILK  
MILK



WHOLESALERS  
RETAIL STORES  
FOOD PROCESSORS  
INSTITUTIONS  
GOVERNMENT AGENCIES



48 STATES  
5 U. S. TERRITORIES  
ALL OF CANADA  
MANY FOREIGN COUNTRIES



L CHEESE  
CHEESE  
CHEESE FOODS  
CHEESE  
L SPREADS



FOOD DISTRIBUTORS  
RETAIL STORES



48 STATES  
ALL OF CANADA  
MANY FOREIGN COUNTRIES



DING COMPOUNDS  
PLYWOOD ADHESIVES  
NG ADHESIVES  
GLUES  
CASEINATES



PLASTIC MOLDERS  
PLYWOOD MANUFACTURERS  
FURNITURE MANUFACTURERS  
PAPER MILLS  
RETAIL STORES



48 STATES  
6 CANADIAN PROVINCES  
MANY FOREIGN COUNTRIES



FEED SUPPLEMENTS  
FEED SUPPLEMENTS  
OIL  
MEAL



FEED MILLS  
FARMERS  
KENNELS  
POULTRYMEN



48 STATES  
ALL OF CANADA



ION FOODS  
NGREDIENTS  
BASES  
AR  
MINERAL FORTIFIERS



PHARMACEUTICAL MAKERS  
DRUG STORES  
FOOD PROCESSORS  
CONFECTIONERS



30 STATES  
2 CANADIAN PROVINCES



E CREAM  
ED ICE CREAM  
AM NOVELTIES  
HERBETS



DRUG & ICE CREAM STORES  
RETAIL STORES  
SCHOOLS  
RESTAURANTS  
HOTELS

